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SIPDIS

FROM U.S. MISSION IN ROME

YEREVAN FOR AMBASSADOR ORDWAY AND USAI DIRECTOR SIMMONS
STATE FOR AS/PRM DEWEY, PRM/P, EUR/CACEN AND IO/EDA BEHREND
AND KOTOK
USAID FOR DAA/DCHA GRIGSBY, DCHA/FFP LANDIS, E&E/NCA/C
USDA/FAS FOR CHAMBLISS/TILSWORTH/GAINOR
GENEVA FOR AMBASSADOR MOLEY, RMA LYNCH AND NKYLOH/USAID
USUN FOR AMBASSADOR NEGROPONTE AND MLUTZ
BRUSSELS FOR USAID/LERNER
NSC FOR JDWORKEN

E.O. 12958: N/A

TAGS: [EAID](#) [EAGR](#) [AORC](#) [PREF](#) [KUNR](#) [WFP](#) [UNHCR](#)

SUBJECT: WFP BOARD APPROVES ARMENIA PROTRACTED RELIEF AND
RECOVERY OPERATION (PRRO) VALUED AT U.S. DOLLARS (USD) 11.56
MILLION - 21,660 METRIC TONS

REF: (A) 03 ROME 001069

SUMMARY

1. The WFP Executive Board, at its first regular session (February 23-26), approved a Protracted Relief and Recovery Operation for Armenia. The project 10053.1, entitled Relief and Recovery Assistance for Vulnerable Groups, is for two years (July 2004-June 2006), covering 110,000 beneficiaries per annum. The total cost to WFP is estimated at USD 11.56 million. Over the life-of-project, WFP will supply (subject to the availability of funds) a total of 21,660 metric tons of food aid. End summary.

Background

2. The break-up of the Soviet Union and the conflict with Azerbaijan over Nagorno-Karabagh resulted in an energy crisis and economic blockade. These factors, together with the 1998 Russian financial collapse, caused a further decline in and rearrangement of the economy. Unemployment, which has forced a large percentage of the population to rely on subsistence farming, hovers at 25 percent, with an estimated half the country's population living on less than USD 2 a day. The United States is presently Armenia's largest bilateral donor.

U.S. intervention in support of approval of the Armenia PRRO

3. Herewith the essence of the supportive U.S. intervention:

-Armenia's macroeconomic performance in recent years, with rapid growth and low inflation, is commendable. Nonetheless, poverty remains pervasive. Children, in particular, will remain in need for years to come after a decade of armed conflict and deteriorating social services.

-Reportedly GOA annual educational expenditure per child decreased from USD 600 in 1992 to USD 36 in 1998. Reversing this trend, while assisting reforms linked to better and more efficient management of the education portfolio are recommended as priority areas for WFP and UN-partner Agency focus.

-USDEL is supportive of assistance oriented to helping vulnerable populations acquiring the means to lessen their dependence on external assistance, through such activities as small-scale income generating projects.

-USDEL strongly supports in-country Letters of Understanding (LOUs) with non-governmental organizations (NGOs), particularly in those instances where partner organizations bring additional cash resources.

U.S. support to WFP Armenia's ongoing PRRO operation

4. U.S. support to WFP's present PRRO (10053.0) in Armenia covering the period July 1, 2001 - June 30, 2004 is USD 16.6

million (29,770 metric tons). The U.S. is by far the largest donor. Total contributions (all donors) through February 16, 2004 are USD 18.93 million (33,661 metric tons).

A little diplomatic jousting between Armenia and Turkey

15. In the original PRRO proposal text issued by WFP, a sentence was included in the Executive Summary as follows: "The 1989-1994 conflict over Nagorno-Karabakh and the ensuing economic blockade imposed by Azerbaijan and Turkey further affected the socio-economic situation." Two other sentences later on in the text referred to the "blockade."

16. The Turkish Embassy wrote to the WFP Secretariat and requested the following corrigendum:

"The 1989-1994 conflict over Nagorno-Karabakh and the ensuing economic restrictions imposed by Azerbaijan and Turkey further affected the socio-economic situation," with which WFP agreed and duly amended the text.

17. The Armenian delegate (as a Board observer) strenuously objected to the changed text and insisted that the word "blockade" be reinserted. The Turkish delegate (also a Board observer) commented that the official Armenian Statistical Yearbook had recorded some small volume of trade between the two countries, and hence the words "economic restrictions" more accurately reflected the matter. After deliberation, the WFP Secretariat agreed with the Turkish position.

Other donors

18. Other donor interventions were mostly supportive of WFP's efforts. Germany, however, commented that WFP's geographic focus was perhaps too narrow and that areas in the country's southwest might be reexamined for possible program coverage. Germany also felt that the food-for-training component of the program was not universally accepted and hinted that there were "coordination glitches" at times between GTZ and WFP.

Executive Board approval

19. The WFP Board approved the Protracted Relief and Recovery Operation for Armenia. The project 10053.1, entitled Relief and Recovery Assistance for Vulnerable Groups, is for two years (July 2004-June 2006), covering 110,000 beneficiaries per annum. The total cost to WFP is estimated at USD 11.56 million. Over the life-of-project, WFP will supply (subject to the availability of funds) a total of 21,660 metric tons of food aid. Hall